GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2063
ANSWERED ON:11.08.2006
FINE ON BANK OF BARODA
Deora Shri Milind Murli

Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has imposed a fine of rupees five lakh on the Bank of Baroda ;

(b) if so, the reasons for imposing the fine ;

(c) whether any official of the Bank held responsible for this act; and

(d) if so, the action taken against the official found responsible for this act ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Yes, Sir. Reserve Bank of India (RBI) has imposed a monetary penalty of Rs. 5 lacs on Bank of Baroda for not computing its Demand and Time Liabilities (DTL) / Net Demand and Time Liabilities (NDTL) properly for the purpose of maintaining Cash Reserve Ratio (CRR) / Statutory Liquidity Ratio (SLR) during the period April, 1999 to March, 2002.

(c): The calculation / re-calculation of NDTL for the captioned period was done four times by different teams by adopting different approaches but the results obtained were inconsistent and inconclusive in view of the inadequacy of previous accounting system to capture and segregate such data. Further, the Bank has represented to the Reserve Bank of India in this matter as the error was unintentional and the Bank has an unblemished record of compliance with the regulator.Hence, no official of the Bank has been held responsible in this matter.

(d): Does not arise.